



FINANCE COMMITTEE

CITY COUNCIL

MONDAY, OCTOBER 6, 2008
CITY COUNCIL OFFICE
5:00 p.m.
AGENDA

Committee: J. Waltman, Chair, S. Fuhs, M. Baez

COMMITTEE OF THE WHOLE

5:00 pm

1. Update Housing Permit Process

FINANCE COMMITTEE

I. Management Salaries

II. Review Admissions Tax

(ability to collect tax on facility rental payments)

III. Budget Issues

6:00 pm

A. Revenue Review

B. Summary of Expenses

C. Review Full Time Position Ordinance

D. Action Steps

1. Parking Authority

2. RAWA

3. Staff reductions – reorganizations

E. Fines & Fees – Maximus suggestions

F. Budget Timelines

Deleted: 4

Deleted: <F>¶

IV. 2009 CDBG Action Plan & Consolidated Plan Review

Follow up from 8-18 work session

- Sect 108 Loan to Reading Future
- Allocation of \$500,000 to OCR
- Amend to Allocate for Blighted Property Review Committee
- Amend to Allocate for Street Lighting
- Reduction in NEAR allocation
- Reduction in OND allocation

IV. Budget Issues

7:30 pm

1. Continuation of discussions started at the Budget Summit
2. Review of CIP Amendments & General Fund Amendments
3. Issues referred from past Finance Meetings

Council and Administration of Expectations of Finance Committee

- Scope of Finance Budget Committee Review

- a. General Fund Recovery Plan
- b. Capital Project Funding Plan
- c. Review of Financing and Debt Service
- d. Assessment of City Assets
- e. Related State and Federal Financial Issues

- Key Assessment Areas:

- a. CDBG
- b. Parking Authority
- c. Water Authority
- d. Equity opportunities
- e. Exemption revenue strategies
- f. Debt Service (current & proposed)
- g. User fees
- h. Regional opportunities (short/long term)
- i. Tax revenues
- j. State and Federal opportunities
- k. Expense analysis
 - Operational savings

- Organization structure
- Contracted services
- 2008 Budget Review
- Discussion of Specific 2009 Budget Commitments

IV. Repeat Findings Identified in the External Audit Reports

City of Reading Summary of 2007 Findings and Recommendations 2004-2007				
	2006	2005	2004	
2007 Findings:				
Modified Accrual/Full Accrual Basis of				
07-1 Accounting	M			
07-2 Grant Receipts	06-3	05-4	04-5	
07-3 Grant Tracking & Monitoring				
07-4 Pension Reporting	06-4			
07-5 Pension Compliance				
07-6 Unclaimed Property	M			
Segregation of Duties - Bank				
07-7 Reconciliations				
07-8 DCED Reporting Requirements				
07-9 Employee Records				
07-10 Journal Entries	M			
07-11 Information Technology	06-6			
07-12 Utility Billing Data	06-2	05-3	04-6	
2007 Management Letter:				
M Implementation of Anti-Fraud Policies				
M Conflict-of-Interest Policies				
SAS Pronouncements/Internal Control				
M Documentation	M			
M Financial Analysis & Accrual Reporting	M			
M Journal Entries	M			
M Program Loans & Other Receivables	M	M		
Accounting Manual & Cross-Training of Key				
M Positions	M	M		
M Compensated Absences/OPEB	M	M	M	
M Internal Audit Function	M	M	M	

M - Management Letter item

In addition, it is important to note that over the years, standards have become

tighter. What may not have been considered a reportable finding 4 years ago, may have been elevated to a finding in recent years as required by the change in auditing standards.

Also of note is that the City should be preparing for the implementation of the OPEB standard that has been highlighted in management letters since the standard's release.

Upcoming Issues

Policy for the review and adoption of bonds and other financing initiatives
Storm Sewer Utility
Water Authority
Review of Audit Findings

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice.

2009 Budget Calendar

- **May 2009*** – Budget Summit: initial review of financial situation and general outline of goals and objectives.
- **June 2009*** – Budget Summit Policy Issues: In depth review of goals and objectives discussed during May summit. 2009 goals and objectives will be agreed to by the summits conclusion.
- **June 30** – All Departments will submit descriptions of Goals and services provided on or before Monday, June 30th. Notice of this deadline will be provided to all Departments immediately following the May Budget Summit.
- **June 30 -July 15** – Administrative review of Department Budgets
- **July 15** – Submission of detailed Department Budgets
- **July 21** – Presentation of compiled departmental requests to City Council
- **July 22** - Budget Sub-committee begins review of Draft General Fund Budget.
- **August 1** – Initiation of joint review of General Fund Budget requests (Administration and Council Budget Sub-Committee)
- **September 2** –Discussion of Draft Budget at Special Finance Committee Meeting and submission of tax and fee ordinances.
- **September** – Provide City Council with information on upcoming bond, swap, refinancing issues that need to be approved by the end of the year.
- **October 1** – Formal presentation of 2009 Budget (General Fund and CIP) to Council & Introduction of Budget Ordinances at Special Meetings; Introduction of Fee and Tax Ordinances and Full Time Position Ordinance.
- **October 1** - Advertisement of General Fund and CIP Budget (Note: Figures to City Clerk by Monday Sept. 22 to allow preparation of the advertisements).
- **Monday, October 20th** 5:00 p.m. in Council Chambers - Capital Budget Public Hearing
- **Tuesday, October 21st** 5:00 p.m. in Council Chambers – General Fund Budget Public Hearing
- **October - November 10** – Special Meeting (if necessary) for the Introduction of Budget Amendments.

- **November 10** – Last day to Introduce Budget Amendments at Regular Meeting
- ~~**November 2009*** – Capital Budget Public Hearing 5:30 p.m. Council Chambers~~
- ~~**November 2009*** – General Fund Budget Public Hearing 5:30 p.m. Council Chambers~~
- **November 24** – Adoption of General Fund Budget, CIP Budget, and any Tax and Fee Ordinances

*Exact dates will be provided by the City Clerk.

PART 66
ADMISSION TAX

§24-601. Establishment of an Admission Tax.

This Part shall be known and may be cited as the "City of Reading Admission Tax Ordinance."

(Ord. 37-1998, 11/30/1998)

§24-602. Definitions.

The following words and phrases when used in this Part shall have the meaning ascribed to them in this Section except where the context clearly indicates a different meaning:

AMUSEMENT - all manner and forms of entertainment, including, among others, theatrical, operatic or dramatic performances, concerts, circuses, carnivals, side shows, air shows, fairs, farm or agricultural competitions, equestrian competitions, exhibitions, dances, dog shows, bathing pools, amusement parks, contests and other events involving games of chance, competitions and athletic events including but not limited to, archery, baseball, basketball, bowling, boxing, football, golf, hockey, handball, squash, shooting, soccer, swimming, tennis, wrestling, and all other forms of diversion, sport, recreation, entertainment or pastime for which admission is charged or paid, by tickets, cover charges, or any other method of obtaining monetary contributions, donations, or deposits from the general public or a limited or selected portion thereof.

CHARITABLE or NOT-FOR-PROFIT ORGANIZATION - any organization or entity qualified as a charitable organization by the United States Internal Revenue Service or a not-for-profit organization registered with the Commonwealth of Pennsylvania, Department of Revenue under applicable laws and regulations governing the same.

CHARITABLE PURPOSE - any advertised purpose, the proposed amusement or entertainment activity for which is expressly designed and intended to raise funds for a charitable or not-for-profit organization as defined herein. A written statement of assurance by the producer, as defined herein, and actual proof of deposit of at least 75% of total revenues from the advertised activity with the charitable or not-for-profit organization shall be required as a condition of qualification of a charitable event.

ESTABLISHED PRICE - a regular monetary charge of any character whatever, including donations, contributions, fixed and exacted, or in any manner fixed and received by producers, as herein defined, from the general public, or limited or selected number thereof, directly or indirectly, for the privilege to attend or engage in any entertainment or amusement, (provided that when such entertainment or amusement is conducted at any roof garden, night club, cabaret or other place where charge for admission is wholly, or in part, included in the price paid for refreshment, service, or merchandise, the amount paid for admission to such amusement shall be deemed to be the amount of the cover or minimum charge, if any, less the reasonable value of food, drink or other tangible item provided.

PERSON - every individual person, co-partnership, association, unincorporated enterprise owned by two or more persons, corporations, limited liability companies, trusts or other legal entities, domestic or foreign. Whenever used in any Section prescribing and imposing a penalty, or both, the term "person" as applied to co-partnerships or associations, shall mean the partners, or members thereof, and as applied to corporations, the officers thereof.

PLACE OF AMUSEMENT - any place, indoors or outdoors, within the City of Reading, where the general public or a limited or selected number thereof may, upon payment of an established price, attend or engage in any amusement as herein defined, including, among others, theaters, opera houses, exhibition halls, exposition centers, amusement parks, airports, stadiums, arenas, gymnasiums, baseball fields, recreation areas, skating rinks, circus or carnival tents or grounds, fair grounds, halls, lodge rooms, riding academies, golf courses, bathing and swimming places, bowling alleys, dance halls, tennis courts, archery, rifle or shotgun ranges, parimutuel betting establishments, roof gardens, bars and taverns, cabarets, night clubs, dinner theaters and other like places.

PRODUCER - any person, as herein defined, conducting any amusement or place of amusement, as herein defined, where the general public or a limited or selected number thereof, may, upon payment of an established price or donation, attend or engage in any amusement.

TEMPORARY AMUSEMENT - an amusement to be conducted at one location for a period of less than 1 month.

(Ord. 37-1998, 11/30/1998)

§24-603. Permits.

1. On or after the effective date of this Part, it shall be unlawful for any producer to continue to conduct, or thereafter to begin to conduct any form or amusement at any permanent or temporary or itinerant form of amusement within the City of Reading, unless an amusement permit or permits shall have been issued to said person as hereinafter prescribed and the tax herein imposed paid in accordance with the provisions herein made.

2. Every producer desiring to continue to conduct or hereafter to begin to conduct any amusement within the City of Reading shall file an application for a permanent, temporary or itinerant amusement permit or permits, as the case may be, with the Tax Administration Office. Every application for such permit or permits shall be made upon a form prescribed, prepared and furnished by the Tax Administration Office, and shall set forth the following:

A. The name under which the applicant conducts or intends to conduct an amusement.

B. Whether the applicant conducts or intends to conduct a permanent or temporary or itinerant form of amusement.

C The location of amusement.

D. In the case of temporary or itinerant amusement, a statement of consent of the

lessee or owner of the location of said amusement.

E. Such other information, including written evidence of consent by the owner or lessee, as the Tax Administration Office may require.

If the applicant has or intends to have more than one place of amusement within the City of Reading, the application shall state the location of each place of amusement, and in the case of itinerant forms of amusement, the date and expected length of time such amusement is to be conducted at each place. In the case of temporary forms of amusement, the application shall state the name and address of the owner, lessee, custodian or other controller of the premises upon which such amusement is to be conducted. If the applicant is an association or corporation, the names and residential addresses of the principal officers thereof; together with any other information prescribed or required by the Tax Administration Office for purposes of identification and service of process, if necessary. The application shall be signed by the producer, if a natural person; in the case of any other type of entity, by an authorized member or officer thereof; and, in the case of a corporation, by an authorized officer thereof.

3. Every applicant, at the time of making such application, shall pay to the Tax Administration Office a permit fee of \$25 for each temporary or annual permit.

4. Upon approval of the application and the payment of any permit fee or fees herein required, the Tax Administration Office shall grant and issue to each applicant an annual or temporary amusement permit for each place of amusement within the City of Reading as set forth in the application. Amusement permits shall not be assignable, shall be valid only for the persons, entities or organization in whose names the permits are issued and shall apply only to the conduct of amusements so specified in the application at the place or places so designated. An amusement permit shall be issued for each place of amusement activity and the same shall be prominently displayed at the place for which each is issued.

5. All permits for permanent places of amusement shall expire on the first day of January in the year next succeeding the date of issue, unless sooner suspended, surrendered or revoked for cause by action of City Council. Permits for temporary or itinerant places or forms of amusement, shall expire at the time specified therein. The producer of any itinerant form of amusement shall notify the Tax Administration Office promptly of any change in the original itinerary relating to date, time, place or method of conduct of the itinerant form of amusement specified in the permit.

6. Permits issued for the permanent places of amusement, under the provisions of this Part, may be renewed annually before the January 1, upon application made to the Tax Administration Office, and the payment of a renewal fee of \$25. In the case of nonprofit or not-for-profit corporation organizations, the permit may be renewed annually before the January 1, upon application made to the Tax Administration Office, and the payment of renewal fee of \$1. Whenever any permit, issued under the provisions of this Part, is defaced, destroyed or lost, the Tax Administration Office may issue a duplicate permit to the holder of the defaced, destroyed or lost permit upon the payment of fee of \$10.

7. The Tax Administration Office may suspend, or, after written notice to the permittee

revoke an amusement permit if, in the judgment of the Tax Administration Office, the permit holder has failed to comply with the provisions of this Part. Upon suspending or revoking any amusement permit, the Tax Administration Office shall request the permittee to surrender all permits, including any duplicates thereof, and direct the permittee to discontinue and cease the amusement activity forthwith.
(Ord. 37-1998, 11/30/1998)

§24-604. Imposition of Tax.

1. A tax is hereby imposed upon the admission to places of amusement as defined in §24-602, "Amusement" hereof, at the rate of 5% of the established price charged the general public, or a limited or select group thereof, by any producer for such admission, which shall be paid by the person acquiring the same.

A. With regard to any producer (as defined herein) that is required to report gross receipts for admissions to amusements to any franchiser, licensor or to any other party or entity to which said producer may be required to pay royalties, license fees or other charges based on admissions revenue, the tax imposed herein shall be calculated on the basis of the gross receipts so reported.

2. This tax shall apply only to admission charges for amusements (as defined in §26-602 hereof, that are held at any stadium, facility, arena, convention center, civic center, theater or other similar facility owned in whole or in part by the City of Reading or any authority to which the City of Reading has any power to appoint representatives or board members or entity as described therein on a quarterly, annual or other basis less frequently than monthly, then the monthly report required to be transmitted and filed by such producer with the Tax Administration Office shall report, and the tax payable with respect to such month shall be based on the producer's gross receipts for the relevant month, calculated on the basis described in §24-604(1)(A), with a further filing and tax reconciliation based upon the actual quarterly, annual or other report actually submitted by such producer to the franchiser, licensor or other party or entity.

2. Every producer conducting a temporary or itinerant amusement shall file a report on the form prescribed, with the Tax Administration Office, together with payment of taxes due, within 10 days of the completion of each such amusement.

3. All taxes due and payable for permanent amusement(s) but unpaid on the 10th day of the following month shall bear interest at the legal rate until paid. All taxes due and payable for temporary or itinerant amusement(s) but unpaid on the 10th day following completing thereof shall bear interest at the legal rate until paid.

4. Any producer who neglects or refuses to file monthly reports and/or pay taxes legally due as required herein shall be assessed a penalty in the amount of 10% per annum of the amount of tax due, in addition to interest otherwise payable as provided herein above.

5. All amounts of tax, interest and penalties due shall be recoverable by the City of Reading in the same manner as other debts due the City are by law recoverable.

(Ord. 37-1998, 11/30/1998)

§24-607. Audits.

1. The Tax Administration Office is hereby authorized and empowered to examine the books, records, papers, tax returns, ticket stubs, attendance reports and other records or documents of any producer, taxable under this Part, to verify the accuracy of any report or payment made under the provisions hereof or to determine the amount of tax, interest and penalties, if any, otherwise payable.

A. With regard to any producer whose tax is calculated pursuant to §24-604(1)(A) above, the subject of any audit inquiry shall be limited only to a review and examination of the receipts or revenue information of said producer.

B. With regard to any producer whose tax is calculated pursuant to §24-604(1)(A) above, any allocation by said producer of receipts between a charge for admission and other services or products provided by the producer shall be as set forth in said report forwarded to the franchiser, licensor or other party or entity so acting unless said allocation is challenged or changed by said franchiser, licensor or other party or entity so acting. Said producer shall notify the Tax Administration Office of any such challenge or change.

2. The Tax Administration Office is hereby authorized and directed to make and keep such records, prepare such forms and take such other measures as may be necessary or convenient and appropriate to carry this Part into effect and further, may require reasonable deposits to be paid in advance by applicants for temporary or itinerant permits.

(Ord. 37-1998, 11/30/1998)

§24-608. Penalties.

Any person, firm or corporation who shall:

A. Fail to file the reports required under this Part.

B. Fail to pay any tax or license fee due under this Part.

C. Fail to fully cooperate and produce any records upon audit.

upon conviction thereof, be sentenced to pay a fine of not more than \$1,000 plus costs and, in

default of payment of said fine and costs, to a term of imprisonment not to exceed 30 days.

Each day that a violation continues shall constitute a separate offense.

(Ord. 37-1998, 11/30/1998; as amended by Ord. 14-2001, 5/29/2001)

<u>CDBG activities</u>		<u>2007</u>	<u>2008</u>	<u>not drawn (08/06/08)</u>	<u>2009 req</u>	<u>2009 AP</u>	<u>differ</u>	<u>%</u>
3rd & Spring Sts. Playground			\$89,000	\$89,000				
Abe Lincoln Hotel 108 payment	CDBG payment to HUD	\$260,000	\$216,000	\$216,000	\$216,000	\$235,186	\$19,186	9%
Adopt-A-Tree			\$20,000	\$20,000				
Baer Park			\$230,000	\$230,000				
CDBG Admin. (20% cap)		\$600,000	\$600,000	?	\$600,000	\$600,000	\$0	0%
Centre Park Bldg Façade		\$100,000		\$6,397				
City Park	Phase III	\$392,000	\$100,000	\$469,735	\$354,500	\$354,500	\$0	0%
Code Enforcement		\$336,000	\$350,000	\$261,758	\$350,000	\$350,000	\$0	0%
Commercial Façade (slum blight)			\$100,000	\$100,000	\$100,000	\$0	(\$100,000)	-100%
Commercial Façade (low mod)		\$20,000		\$20,000				
Community First Fund	L/M only & <6 person business				\$50,000	\$0	(\$50,000)	-100%
529 Court Street Façade (slum blight)		\$20,000		\$20,000				
De-conversions - OCR Inc.				\$276,277	\$0	\$0	\$0	#DIV/0!
Emergency Demos		\$509,000	\$500,000	\$395,000	\$500,000	\$500,000	\$0	0%
Essick Playground			\$48,500	\$48,500				
Fire Engine 1	received	\$475,000		\$462				
Fire Engine 3	received	\$475,000		\$462				
Fire Engine 11	received	\$475,000		\$4,944				
Fire Engine 13	received	\$475,000		\$4,944				
Fire Ladder 3	truck ordered		\$850,000	\$7,994				
Habitat public improvements			\$50,000	\$50,000				
Handicap Ramps			\$47,000	\$47,000	\$182,500	\$182,500	\$0	0%
Hamden Park			\$165,000	\$165,000				
Hillside Playground			\$285,000	\$285,000				
Liberty Façade		\$100,000		\$100,000				
Litter Baskets	baskets ordered		\$99,960	\$99,960				
Major System Rehab - NHS		\$180,000	\$46,000	\$100,000	\$75,000	\$75,000	\$0	0%
NHS home ownership assistance		\$375,000	\$100,000	\$100,000	\$50,000	\$50,000	\$0	0%
Northmont Playground					\$100,000	\$100,000	\$0	0%
Olivet / PAL Bldg. Façade		\$100,000		\$100,000				
Orange & Cherry Sts. Playground			\$82,000	\$82,000				
Re-Lighting (street lights)		\$450,000		\$349,525				
Residential Façade (slum blight)		\$60,000	\$40,000	\$66,000	\$60,000	\$50,000	(\$10,000)	-17%

CDBG activities total	\$2,638,000	\$2,497,186
------------------------------	--------------------	--------------------

CDBG PS \$556,650	15% of (09 EN + prev yr PI) <i>PI \$711,000 07/17/08</i>	2007	2008	est not drwn (08/06/08)	2009 req	2009 AP	differ	%
CARE		\$20,000		\$17,775				
Community Policing		\$375,000	\$329,000	\$277,645	\$357,900	\$357,900	\$0	0%
Human Relations					\$23,800	\$23,800	\$0	0%
Millmont RAFT		\$25,000	\$15,000	\$15,000	\$18,000	\$18,000	\$0	0%
Literacy Council					\$44,260	\$0	(\$44,260)	-100%
NHS education	eligible ? fundable ?				\$50,000	\$0	(\$50,000)	-100%
Olivet's southeast		\$58,000	\$35,000	\$22,444	\$85,300	\$85,300	\$0	0%
Community Organizers OND/RBI	need joint application	\$154,376	\$30,000	\$19,494	\$117,000	\$15,650	(\$101,350)	-87%
Recreation NEAR		\$80,000	\$35,000	\$35,000	\$15,000	\$15,000	\$0	0%
activity delivery	\$1000 per activity	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$0	0%
CDBG PS total					\$717,260	\$521,650		

CDBG activities	\$2,497,186
CDBG public services	\$521,650
CDBG Total (EN + PI est)	\$3,000,000 + 18,836

\$655,000 slum and blight cap	
2009 Emergency Demolitions	\$500,000
Residential Façade	\$15,000

2006 and prior CDBG	not spent as of 07/17/08
2005 CDBG Admin	\$61,393
2006 CDBG Admin	\$137,592
Brookline Playground	\$1,858

Sect 108 loan pay. (exc. Lincoln)	
Goggle Works	\$241,326
Hydrojet	\$7,052
KVP	\$150,132
Readings Future	\$163,368
Sun Rich	\$119,819

Total Section 108 payments to HUD	\$681,697
--	------------------

FFY 2009 HOME EN est. <u>\$950,000</u>		<u>2007</u>	<u>2008</u>	<u>2009 req</u>	<u>2009 AP</u>	<u>differ</u>	<u>%</u>
Habitat for Humanity				\$90,000	\$90,000	\$0	0%
HOME Admin. (10% cap)		\$99,000	\$95,000	\$95,000	\$95,000	\$0	0%
NHS CHDO Admin				\$42,000	\$0	(\$42,000)	-100%
NHS CHDO Set Aside		\$150,000	\$150,000	\$142,500	\$142,500	\$0	0%
OCR Inc.	\$8,500 developer fee / unit	\$630,000	\$580,000	\$580,000	\$572,500	(\$7,500)	-1%
Act delivery - "one" Rehab Specialist	salary and benefits	\$120,000	\$125,000	\$50,000	\$50,000	\$0	0%
2nd & Wash Sts Apts BHP CHDO		\$1,000,000					
HOME total				\$999,500	\$950,000		

FFY2009 ESG EN est. <u>\$135,000</u>		<u>2007</u>	<u>2008</u>	<u>2009 req</u>	<u>2009 AP</u>	<u>differ</u>	<u>%</u>
ESG Admin. (5% cap)		\$6,750	\$6,750	\$6,750	\$6,750	\$0	0%
OH / RBES		\$112,198	\$128,250	\$237,870	\$128,250	(\$109,620)	-46%
BCAP	BCCD may fund	\$0	\$0	\$30,000	\$0	(\$30,000)	-100%
BWIC	BCCD may fund	\$68,000	\$0	\$70,000	\$0	(\$70,000)	-100%
Easy Does It	BCCD may fund	\$0	\$0	\$20,000	\$0	(\$20,000)	-100%
Family Promise	BCCD may fund	\$0	\$0	\$25,000	\$0	(\$25,000)	-100%
Mary's Shelter	BCCD may fund	\$0	\$0	\$50,000	\$0	(\$50,000)	-100%
ESG total				\$439,620	\$135,000		

H:\CDPlan\COMMDEV\PROGRAM Action Plan
YEAR 35 (2009)\ spreadsheet

